

Michael Peca confirms knowledge that all LOC funds were in his capital account and belonged to the LLC - not himself personally...

From Michael Peca's SDNY Grand Jury testimony -

7 Q How much money did you put in Little Isle IV?
8 A \$100,000 cash investment that was going to go
9 towards that. Then we had lines of credit. I had one
10 out for \$1.7 million that was going to be used at the
11 time. Here's where a lot of the cross starts to happen.
12 A short-term loan to Mr. Jowdy, because at the
13 time Cabo -- we hadn't gotten the lending from Lehman
14 Brothers yet. We made a short-term loan until the
15 lending came in. Once the lending came through they
16 were to pay back the loan, I think in the neighborhood
17 of five-and-a-half million dollars, on the closing. It
18 was never paid back. And then communication basically
19 seized at that point from him.
20 That was kind of the whole sticking point as
21 far as me and the other guys with Mr. Jowdy.

Communication ceased
from Jowdy - whole
sticking point for
Michael Peca and other
"guys"...FULL
KNOWLEDGE OF Jowdy
PROBLEMS

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2 A It was for -- you're right, we're ahead.
3 The 1.7 along with the \$100,000 and whatever
4 else put in this a Capital account, Little Isle IV I
5 believe. That Capital account was loaned to Ken Jowdy,
6 our business partner, so there is no need at the time to
7 be worried about anything. That money was loaned to Ken
8 Jowdy to basically help some of the purchase of the Cabo
9 property so we can get the funding. And then it was
10 supposed to a short-term loan.

Michael Peca confirms his
\$100k PLUS \$1.7mm into
his capital account for
Little Isle IV...then some
used for short-term Jowdy
loan to México...

Michael Peca confirms knowledge that all LOC funds were in his capital account and belonged to the LLC - not himself personally...

Peca confirms his knowledge of the short-term loan to Jowdy...

11 Q When you first took out the \$1.7 million loan
12 was the idea first that that was going to go towards
13 Little Isle IV at the very beginning -- let me finish --
14 so at the very beginning did you understand, I'm taking
15 out this loan even though it's going first to Little
16 Isle, it's going to quickly go to be a short-term loan
17 for the Mexico stuff?

18 A I knew 100 percent it was going to Little Isle
19 IV initially. Shortly after that the short-term loan
20 was something that took place.

21 Q So when you -- did you sign papers to take out
22 a loan in that amount?

23 A Yes.

24 Q When you signed those papers, where did you
25 think that money was going?

26 A It was going to a Capital account for Little

Peca confirms his investment funds were going to his Capital Account...

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2 Isle IV.

Michael Peca confirms knowledge that all LOC funds were in his capital account and belonged to the LLC – not himself personally...

Peca does not tell the SDNY Grand Jury that he learned about it the "night before" the March 2011 testimony --like he told the EDNY...

3 Q At the time you signed the papers, did you
4 think that Little Isle IV Capital Account for Hawaii was
5 used to lend money to Jowdy for the Mexico stuff, or
6 only later where that was a decision that was made?
7 A I can't remember exactly what the time frame
8 was on those two things.

Confirms short-term loan knowledge...

9 Q Were you consulted in advance about whether to
10 use the money in the Little Isle IV Capital account to
11 loan money to the Mexico project?
12 A I knew the short-term loan was made to
13 Mr. Jowdy.

14 Q Did you know in advance of it being made?
15 A I probably did, I mean at the time if I was
16 told about it, I probably would say, okay, sounds good.
17 It was probably explained to me. I can't tell you
18 definitely right now that I know the day or time of the
19 conversation. As it was happening I wasn't like what
20 happened to that, I didn't know it would happen. I kind
21 of knew what we were doing.

22 Q Let me paraphrase, you're not sure if you were
23 told but you basically approved of it. You wouldn't
24 really have cared sounds like you're saying?

25 A Correct.

26 Q Then, you were getting into this before, so

Michael Peca confirms knowledge that all LOC funds were in his capital account and belonged to the LLC – not himself personally...

Peca confirms he knew about the repayment plan from Jowdy – just like the 2004 Hawai'i loan agreement laid out...

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2 that money was loaned to Ken Jowdy because they were
3 waiting for some kind of financing to come in?
4 A Correct.
5 Q And then it never came back?
6 A Correct.